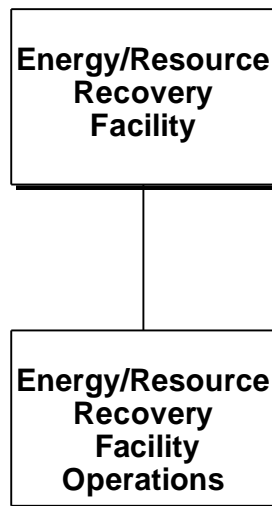


**DEPARTMENT OF PUBLIC WORKS
AND ENVIRONMENTAL SERVICES
SOLID WASTE MANAGEMENT**



FUND 112

ENERGY/RESOURCE RECOVERY FACILITY

Agency Position Summary

9 Regular Positions / 9.0 Regular Staff Years

Position Detail Information

ADMINISTRATION

| | |
|-----|------------------------|
| 1 | Engineer III |
| 1 | Management Analyst II |
| 1 | Engineer Technician II |
| 1 | Secretary I |
| 5 | Weighmasters |
| 9 | Positions |
| 9.0 | Staff Years |

FUND 112

ENERGY/RESOURCE RECOVERY FACILITY

Agency Mission

To serve Fairfax County citizens by providing effective, efficient solid waste disposal through incineration; to generate energy through the recovery of refuse resources; and to reduce the need for landfill space through volume reduction of solid waste.

| Agency Summary | | | | | |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Category | FY 2000 Actual | FY 2001 Adopted Budget Plan | FY 2001 Revised Budget Plan | FY 2002 Advertised Budget Plan | FY 2002 Adopted Budget Plan |
| Authorized Positions/Staff Years | | | | | |
| Regular | 9/ 9 | 9/ 9 | 9/ 9 | 9/ 9 | 9/ 9 |
| Expenditures: | | | | | |
| Personnel Services | \$345,595 | \$439,160 | \$395,149 | \$459,020 | \$463,610 |
| Operating Expenses | 28,357,739 | 29,534,555 | 31,238,969 | 33,406,171 | 33,406,171 |
| Capital Equipment | 1,460 | 0 | 4,299 | 26,000 | 26,000 |
| Total Expenditures | \$28,704,794 | \$29,973,715 | \$31,638,417 | \$33,891,191 | \$33,895,781 |

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2002 Advertised Budget Plan, as approved by the Board of Supervisors on April 30, 2001:

- The 1.0 percent cost-of-living adjustment approved by the Board of Supervisors, and previously held in reserve, has been spread to County agencies and funds. This action results in an increase of \$4,590.

The following funding adjustments reflect all approved changes to the FY 2001 Revised Budget Plan from January 1, 2001 through April 23, 2001. Included are all adjustments made as part of the FY 2001 Third Quarter Review:

- A net increase of \$1,657,278 in expenditures, including \$1,704,414 in Operating Expenditures primarily required to process 96,200 additional tons of refuse, offset by savings of \$44,011 in Personnel Services and \$3,125 in Capital Equipment.

County Executive Proposed FY 2002 Advertised Budget Plan

Purpose

Fund 112 manages the contract for the I-95 Energy/Resource Recovery Facility (E/RRF), owned and operated by Covanta Fairfax (formerly Ogden Martin Systems Fairfax, Inc.), which burns municipal solid waste (MSW) to produce approximately 72 megawatts of electricity which is sold to Virginia Power. Under the terms of the Service Agreement, the County is required to deliver at least 930,750 tons of MSW per year, for which it pays a disposal fee to Covanta. In order to meet this guarantee, the County has accepted additional MSW from the District of Columbia, originally under the terms of an interjurisdictional agreement and now through the District's waste disposal contractor. The County charges a disposal fee to all users of the E/RRF and subsequently pays the contractual disposal fee to OMSF from these revenues. Revenues for the sale of electricity are used to offset the cost of the disposal fee paid to OMSF.

FUND 112

ENERGY/RESOURCE RECOVERY FACILITY

Key Accomplishments

- ◆ In FY 1999, refinanced the bonds used to fund the construction of the E/RRF through an innovative option sale agreement, resulting in annual savings to the County of over \$4 million.
- ◆ Renegotiated the Power Purchase agreement between Virginia Power and Covanta, of which the County is the principal beneficiary. This has resulted in an increase in the County's share of electric power revenues from \$16.5 million in FY1997 to \$18.2 million in FY 2000, serving to lower overall disposal costs.
- ◆ Continued to process waste tires and participate in the Virginia Waste Tire End User Program, and is the area's preeminent waste tire disposal facility, generating net revenues for the agency. Tires were originally incinerated in the E/RRF, but now are shredded at the I-95 Landfill site due to operational problems caused by burning tires. Shredded tires had been used as a protective layer in the next cell of the ash landfill, lowering construction costs and providing beneficial use for waste tires.

FY 2002 Initiatives

- ◆ Prepared an application to the Virginia Department of Environmental Quality for direct discharge of E/RRF cooling tower water into Mills Branch Culvert. Discharges of cooling tower water have been increasing dramatically in the past few years, due to increases in conductivity values of water supplied by the Fairfax County Water Authority. The discharges had been directed to the sanitary sewer, an inefficient and uneconomical method since the water contains no impurities or pollutants. The elimination of the need to purchase additional sewer capacity results in a saving to the County of almost \$1 million that would be passed through from Covanta Fairfax. Staff has initiated the effort to obtain direct discharge permit, which will save the cost of additional sewer capacity, free capacity at the Noman M. Cole pollution control plant, reduce existing sanitary sewer pass through costs, and have no adverse effect on the environment.
- ◆ Continued to monitor the flow of MSW into the E/RRF and search for additional waste if required to meet the tonnage commitment contained in the Service Agreement.

Performance Measurement Results

The performance measures for Fund 112, Energy/Resource Recovery Facility are related to the operation and efficiency of the facility. The measurement of tons above the Guaranteed Annual Tonnage (GAT) quantifies the ability of the County, as stated in the Service Agreement, to "deliver or cause to be delivered at least 930,750 tons of municipal solid waste" for which the County must pay a disposal fee to Covanta Fairfax. This minimum guarantee measures staff's ability to find new waste sources when needed, and manage those that are already being delivered to the E/RRF. In addition, energy generated per ton is directly related to waste delivered, since increased amounts of fuel (tons of municipal solid waste) result in more steam generation, and therefore, more energy produced. Likewise, electricity sold is a measure of the E/RRF's waste deliveries as well as its operating efficiency.

Funding Adjustments

The following funding adjustments from the FY2001 Revised Budget Plan are necessary to support the FY 2002 program:

- ◆ An increase of \$19,860 in Personnel Services associated with salary adjustments necessary to support the County's Compensation Program.
- ◆ An increase of \$3,871,616 in Operating Expenses, primarily due to the additional formula-driven costs of \$2,529,836 associated with operation of the facility which this year also includes operation of the emission control systems mandated by the Clean Air Act Amendments of 1990; increased requirements of \$1,168,266 for debt service on the E/RRF and \$173,514 primarily for other internal charges.

FUND 112

ENERGY/RESOURCE RECOVERY FACILITY

- ◆ A total of \$26,000 for Capital Equipment for the replacement of one pickup truck that has reached the criteria of age, usage, and condition for replacement.

The following funding adjustments reflect all approved changes in the FY 2001 Revised Budget Plan since passage of the FY 2001 Adopted Budget Plan. Included are all adjustments made as part of the FY 2000 Carryover Review and all other approved changes through December 31, 2000:

- ◆ As part of the FY 2000 Carryover Review, expenditures were increased a total of \$7,424 in funds for Capital Equipment that could not be absorbed within the FY 2001 funding level.

Objectives

- ◆ To deliver no less than the Guaranteed Annual Tonnage (GAT) amount of 930,750 tons of municipal solid waste to the E/RRF as required under the contractual obligations of the Service Agreement between Covanta Fairfax and Fairfax County.
- ◆ To sell at least 87.0 percent of electric energy generated from the operation of the I-95 Energy/Resource Recovery Facility after internal use.

Performance Indicators

| Indicator | Prior Year Actuals | | | Current Estimate | Future Estimate |
|---|--------------------|----------------|-------------------------|------------------|-----------------|
| | FY 1998 Actual | FY 1999 Actual | FY 2000 Estimate/Actual | FY 2001 | FY 2002 |
| Output: | | | | | |
| Tons municipal solid waste delivered ¹ | 973,556 | 984,573 | 1,006,000 / 1,055,343 | 1,102,200 | 1,089,200 |
| Energy generated (kWh In thousands) | 606,199 | 644,707 | 640,000 / 676,978 | 680,000 | 680,000 |
| Efficiency: | | | | | |
| Tons above GAT | 42,806 | 53,823 | 116,566 / 124,593 | 171,450 | 158,450 |
| Energy generated per ton | 623 | 655 | 636 / 641 | 617 | 624 |
| Service Quality: | | | | | |
| Percent of GAT Delivered | 104.60% | 105.78% | 108.08% / 113.39% | 188.42% | 117.02% |
| Energy sold (kWh In thousands) | 525,322 | 557,957 | 555,000 / 590,059 | 595,000 | 595,000 |
| Outcome: | | | | | |
| Met GAT requirement | Yes | Yes | Yes / Yes | Yes | Yes |
| Percent of energy sold (internal use approx. 12.5%) | 86.66% | 86.54% | 87.72% / 87.16% | 87.50% | 87.50% |

¹ The FY 2000 through FY 2002 tonnages include only those tons processed in the E/RRF. In addition, 14,000 tons of tires are projected to be received in each of the years, and processed at the I-95 complex. The tires will be disposed at another site.

FUND 112

ENERGY/RESOURCE RECOVERY FACILITY

FUND STATEMENT

Fund Type G10, Special Revenue Funds

Fund 112, Energy/Resource
Recovery (ERR) Facility

| | FY 2000 Actual | FY 2001 Adopted Budget Plan | FY 2001 Revised Budget Plan | FY 2002 Advertised Budget Plan | FY 2002 Adopted Budget Plan |
|---|---------------------|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Beginning Balance | \$15,406,297 | \$14,916,958 | \$17,041,404 | \$10,606,697 | \$11,597,021 |
| Revenue: | | | | | |
| Disposal Revenue: | | | | | |
| County of Fairfax | \$20,836,157 | \$18,340,000 | \$20,720,000 | \$20,720,000 | \$20,720,000 |
| District of Columbia | 3,807,230 | 4,100,000 | 4,585,000 | 4,585,000 | 4,585,000 |
| Waste Exchange Agreement | 783,860 | 568,400 | 840,000 | 840,000 | 840,000 |
| Blue Plains | 1,702,927 | 1,914,000 | 1,260,600 | 105,600 | 105,600 |
| Other Jurisdictions | 103,085 | 214,500 | 504,000 | 504,000 | 504,000 |
| Tire Program | 867,866 | 997,500 | 997,500 | 997,500 | 997,500 |
| Supplemental/Spot Market Programs ¹ | 1,291,180 | 1,759,600 | 1,689,000 | 2,305,000 | 2,305,000 |
| Subtotal Revenue | \$29,392,305 | \$27,894,000 | \$30,596,100 | \$30,057,100 | \$30,057,100 |
| Other Revenue: | | | | | |
| Interest on Investments | 580,201 | 609,057 | 659,559 | 564,369 | 564,369 |
| DC Haul Reimbursement | 258,019 | 288,750 | 183,750 | 0 | 0 |
| Miscellaneous ² | 109,376 | 215,000 | 215,000 | 215,000 | 215,000 |
| Subtotal Other Revenue | \$947,596 | \$1,112,807 | \$1,058,309 | \$779,369 | \$779,369 |
| Total Revenue | \$30,339,901 | \$29,006,807 | \$31,654,409 | \$30,836,469 | \$30,836,469 |
| Total Available | \$45,746,198 | \$43,923,765 | \$48,695,813 | \$41,443,166 | \$42,433,490 |
| Expenditures: | | | | | |
| Personnel Services | \$345,595 | \$439,160 | \$395,149 | \$459,020 | \$463,610 |
| Operating Expenses ³ | 28,357,739 | 29,534,555 | 31,238,969 | 33,406,171 | 33,406,171 |
| Capital Equipment | 1,460 | 0 | 4,299 | 26,000 | 26,000 |
| Subtotal Expenditures | \$28,704,794 | \$29,973,715 | \$31,638,417 | \$33,891,191 | \$33,895,781 |
| COLA Reserve | 0 | 0 | 0 | 4,590 | 0 |
| Total Expenditures | \$28,704,794 | \$29,973,715 | \$31,638,417 | \$33,895,781 | \$33,895,781 |
| Transfers Out: | | | | | |
| Refuse Disposal (Fund110) ⁴ | \$0 | \$5,460,375 | \$5,460,375 | \$0 | \$0 |
| Total Transfers Out: | \$0 | \$5,460,375 | \$5,460,375 | \$0 | \$0 |
| Total Disbursements | \$28,704,794 | \$35,434,090 | \$37,098,792 | \$33,895,781 | \$33,895,781 |
| Ending Balance | \$17,041,404 | \$8,489,675 | \$11,597,021 | \$7,547,385 | \$8,537,709 |
| Tipping Fee Reserve ⁵ | \$2,843,150 | \$1,888,767 | \$1,888,767 | \$946,477 | \$1,936,801 |
| Rate Stabilization Reserve ⁶ | 10,802,462 | 6,600,908 | 6,600,908 | 6,600,908 | 6,600,908 |
| Unreserved Ending Balance | \$3,395,792 | \$0 | \$3,107,346 | \$0 | \$0 |
| Disposal Rate/Ton ⁷ | \$28/Ton | \$28/Ton | \$28/Ton | \$28/Ton | \$28/Ton |

FUND 112

ENERGY/RESOURCE RECOVERY FACILITY

¹ Disposal revenue shown from Supplemental Waste and Spot Market Program operations reflects only that refuse tonnage for which the tipping fee/per ton disposal rate is charged. Additional income derived from charges in excess of the tipping fee for these operations is reflected as miscellaneous revenue.

² Miscellaneous revenue includes income received in excess of the tipping fee which is derived from the Spot Market and Supplemental Waste Programs.

³ In order to account for expenditures in the proper fiscal year, an audit adjustment in the amount of \$153,920 has been reflected as a decrease to FY 2000 expenditures. The audit adjustment has been included in the FY 2000 Comprehensive Annual Financial Report (CAFR). Details of the FY 2000 audit adjustments was included in the FY 2001 Third Quarter Package.

⁴ In FY 2001, an amount of \$5,460,375 was transferred to Fund 110, Refuse Disposal to offset FY 2001 expenditure requirements. The transfer amount is comprised of \$4,201,554 from the available Rate Stabilization Reserve and \$1,258,821 in unreserved balance. The funding provides a subsidy to allow the County to continue to provide the level of service to specific refuse disposal programs that do not fully recover costs. Subsidized programs include the County's Recycling Program, the Household Hazardous Waste Program, and the Code Enforcement Program. Fund 110's current fee structure will not support these expenses in FY 2001. The Rate Stabilization Reserve was established to address revenue shortfalls, and contingency requirements of those funds that make up the disposal operations under the Division of Solid Waste Refuse Disposal and Resource Recovery. A balance of \$6,600,908 remains in this reserve.

⁵ The Tipping Fee Reserve was established to provide for adjustments associated with additional funding requirements to Covanta Fairfax as a result of a year-end shortfall or audit reconciliation.

⁶ On November 4, 1998, earlier bonds sold to finance the E/RRF were retired and refinanced at lower interest rates. The new bonds were refinanced at a rate between 5.5 to 6.1 percent compared to the older rate of 7.75 percent. Excess proceeds from the original bond issue totaling \$10.8 million, were released to the Solid Waste Authority (SWA). At its annual meeting held January 25, 1999, the SWA approved the transfer of these monies from a separate Solid Waste Authority account to Fund 112. As part of their discussions, the Solid Waste Authority directed that the funds be moved to, and reside in a "Rate Stabilization Reserve" in Fund 112 where the funds are to be used to offset operating shortfalls in any of the funds that comprise the Division of Solid Waste Refuse Disposal and Resource Recovery.

⁷The current tipping fee of \$28/ton will remain the same for FY 2002.